

BRADSHAW WATER COMPANY, INC.

112 Grove Avenue Prescott, Arizona 86301 (520) 778-1888



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AZ CORP COMMISSION
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Ms. Elena Zestrijan
Arizona Corporation Commission
1200 W. Washington
Phoenix, AZ 85007

DOCKET NO. W-02476A-01-0502

Dear Elena:

I have been analyzing the expenses paid by Professional Brokers for Bradshaw Water Company. These expenses are as follows:

Rent	\$1,680.00
Postage	540.00
Computer	600.00
Office Supplies	300.00
Billing labor	3,456.00
Billing supplies	855.00
Telephone	240.00
Secretary labor	1,800.00

\$9,471.00

Arizona Corporation Commission

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I have calculated that Bradshaw Water Company uses about 10% of the floor space at 112 Grove Avenue. The postage is based upon 12 regular billings, plus 2 additional mailings to customers, as well as postage for statements, payables and correspondence. Billing supplies includes three copies of each monthly invoice, plus envelopes and supplies for correspondence and statements. Billing labor is figured at 16 hours a month. Secretary labor is figured at 2 hours per week for payables, receivables, correspondence, reception, filing, etc.

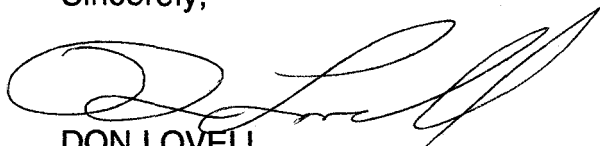
You can see from the above analysis that the 2000 charges for accounting of \$5,429.35 is a reasonable charge. In fact, the above analysis shows that Professional Brokers has undercharged Bradshaw for the services it provides. Further, keep in mind that the parent company, Lynx Creek Ranch, Inc. does the annual tax return for Bradshaw at no charge. The Bradshaw tax return was done by RSM McGladrey, Inc., and cost the company \$2,100.00 the the 2000 return.

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Further, consider that my services to Bradshaw save legal fees. In the past, Bradshaw has used both Snell and Wilmer and Streich Lang to represent it before the Commission. There is considerable savings to Bradshaw that I am able to work on the rate increase with you without the services of an attorney and incur no legal charges to the company. My services also include working on the annual reports and other requirements by the Commission, ADWR, ADEQ and Yavapai Environmental Services.

The expenses incurred by Bradshaw for the test year (2000) are reasonable and prudent. Those expenses should not be reduced. The implication is that Bradshaw is not operating efficiently and is spending more than it should. This is not the case. Bradshaw is run in a very professional and cost effective manner. My services and Don Bohlier's services are needed, and should not be reduced. Don Bohlier works on an hourly basis, and only necessary field time by Don Bohlier is charged to the company. In your analysis, I would appreciate it if you would use the actual expenses incurred by the company, and not reduce them in any way.

Sincerely,



DON LOVELL
DL/rj

Enclosures

C: Steven M. Olea, Acting Director, Utilities Division
Elena Zestrijan, Auditor III
Dorothy Hains, Utilities Engineer
Bradley Morton, Consumer Service Specialist
Christopher C. Kempley, Chief, Legal Division
Lyn Farmer, Director, Hearing Division
Philip J. Dion III, Administrative Law Judge